

**CAESAR RODNEY SCHOOL DISTRICT**  
**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON APPLYING**  
**AGREED-UPON PROCEDURES**

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## Independent Accountants' Report on Applying Agreed-Upon Procedures

The Honorable Valerie A. Woodruff  
Secretary, Department of Education  
Townsend Building, Suite 2  
401 Federal Street  
Dover, DE 19903-1402

Dr. Harold Roberts  
Superintendent  
Caesar Rodney School District  
219 Old North Road  
Wyoming, DE 19934

Dear Secretary Woodruff and Dr. Roberts:

We have performed the procedures enumerated below, which were agreed to by the Department of Education (the DOE) and Caesar Rodney School District (the District) solely to assist you, the specified parties in evaluating the compliance and effectiveness of the District's internal control over compliance with DE Code Chapters 13 and 17, Senate Bill 385 and DE Admin Code Section 525. Procedures were performed for student accounting and enrollment as of September 30, 2006. In addition, procedures were performed for authorized positions and occupational-vocational unit Division II funding for fiscal year ended June 30, 2006. Management is responsible for the District's internal control over compliance with the requirements related to the above areas.

This agreed-upon procedures attestation engagement was performed in accordance with Government Auditing Standards (2003), issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

### STUDENT ENROLLMENT

**Agreed-Upon Procedure Number 1:** Determine if the District's policies and procedures for preparing, reviewing and reporting the September 30 student count are adequate.

**Finding:** Based on the obtainment of the District's written policies and procedures it is our determination that the policies and procedures set forth by the District for preparing, reviewing and reporting the September 30 student count are adequate.

***Finding - continued:*** It was also our determination that these policies and procedures were being followed by the District as well as throughout the individual schools.

***Agreed-Upon Procedure Number 2:*** Determine if the District properly reported enrollment figures to the DOE. Calculate the dollar impact of disallowed students, if applicable.

***Finding:*** The Delaware Department of Education's A Summary of Delaware Code and Department of Education Regulations for Student Accounting for the September 30 Enrollment and Unit Computation states:

“... each school shall maintain September enrollment records in a manner that will allow for efficient enrollment audits.”

Our review of the enrollment figures reported to the DOE reflected the following:

- The District incorrectly reported 1,246 4-6 grade regular education students in their pilot count. The District should have reported 1,247. This amount was correctly reported in their traditional count.
- The District incorrectly reported 2,662 7-12 grade regular education students in their pilot count. The District should have reported 2,612. This amount was correctly reported in their traditional count.

As of the date of this report, the DOE has not determined the unit or dollar impact of the incorrect pilot enrollment figures.

It is our determination that the above conditions are a direct result of the District not using the E-School Plus software package which would have converted the traditional count into the pilot count with less manual preparation on behalf of the District decreasing the risk for human error. It should also be noted that this was the first year the District participated in the pilot program which inherently increases the risk for error.

***Recommendation:*** It is our recommendation that the District utilize E-School Plus in the future and if not, that the District thoroughly review their conversion from the traditional count to the pilot count.

It is further our recommendation that the District discuss with the DOE the pilot count discrepancies noted in the above finding and determine a revised adjusted pilot count amount.

***District Response:*** The District will begin using E-School Plus next year. In addition, the DOE revised the original adjusted pilot count amount from 455.83 to 455.48 to reflect the above findings.

***Agreed-Upon Procedure Number 3:*** Select ten percent (10%) or a minimum of five “Individualized Education Program” (IEP) files at each school to verify that each file contains the required documentation in accordance with the DOE’s Administrative Manual for Special Education Services and calculate the dollar impact of disallowed students, if applicable.

***Finding:*** We found that all files selected were current and contained the required documentation in accordance with the DOE’s Administrative Manual for Special Education Services.

***Agreed-Upon Procedure Number 4:*** Select ten percent (10%) or a minimum of five students enrolled in the Cooperative Education and Diversified Education Programs and confirm that the students’ files contain the required documentation in accordance with the DOE’s Administrative Directives and calculate the dollar impact of disallowed students, if applicable.

***Finding:*** We found that all files selected both in the Cooperative Education and Diversified Education Programs contained the required documentation in accordance with the DOE’s Administrative Directives.

## **AUTHORIZED POSITIONS**

***Agreed-Upon Procedure Numbers 1 and 2:***

- Determine if the District’s control procedures for monitoring, tracking and reconciling the number of employees are adequate.
- Determine if the District’s control procedures for monitoring and tracking salaries charged to the State’s general fund are adequate.

***Finding:*** The State of Delaware Budget and Accounting Policy Manual states that department or agency heads are responsible for establishing and maintaining an effective system of internal control. The manual goes on to further state that a well-designed system of controls include written policies and procedures to ensure that each control objective is met.

The District has controls in place for monitoring, tracking and reconciling both employees and salaries charged to the State’s general fund; however, these controls are not compiled into a formal set of written policies and procedures. It is our determination that not having a formal set of written policies increases the potential risk of noncompliance.

***Recommendation:*** In order to comply with State of Delaware’s Budget and Accounting Policy Manual, it is our recommendation that the District develop a set of internal written policies and procedures regarding payroll to include the following:

***Recommendation - continued:***

- References to rules and regulations as stipulated by the DOE
- References to pertinent sections of DE Code
- Detailed procedures in reconciling actual staff to Division I units
- A management review process of staff listings and reconciliations including a time frame for completion

***District Response:*** The District will develop a set of internal written policies and procedures regarding payroll to include the above-referenced recommendations.

***Agreed-Upon Procedure Number 3:*** Compare the number of paid positions by category to the number of authorized positions per 14 DE Code, Chapters 13 and 17.

***Finding:*** Delaware Code Title 14, Chapters 13 and 17 authorizes a District 1 related services specialist for every 30 special education units (excluding SMD, HHPD, AUT, DB and PI) earned in the September 30 unit count. During FY06 the District generated 3.23 units for these positions.

It is our determination that during FY06 the District utilized 3.30 related services positions. The error was a result of District oversight.

***Recommendation:*** It is our recommendation that the District repay \$2,932 to the State of Delaware.

***District Response:*** The District agrees to repay the State of Delaware \$2,932 as a result of the District's oversight in the related services calculation.

***Agreed-Upon Procedure Number 4:*** Recalculate the annual salary of the following selected positions to determine if employees were paid in accordance with 14 DE Code, Chapter 13.

Superintendents =	100%
Assistant Superintendents =	100%
Principals =	100%
Directors =	100%
Classroom Teachers =	10%

***Finding:*** Delaware Code Title 14, Chapter 13 states that a superintendent who is the chief school officer of a district and who holds a certificate appropriate for the position shall receive as a salary the amount for which he or she qualifies under subsection 1316 of the Title and the corresponding schedules as stated within plus an annual amount for administrative responsibility. It further states that the amount for administrative responsibility is to be determined either in accordance with the following schedule, or by multiplying the appropriate index value specified in the 2nd schedule by the annual salary, whichever is greater.

***Finding - continued:***

Number of Division I Units of Pupils in the School District			
71	71-149	150-249	250 Plus
\$ 6,450	\$ 8,370	\$ 10,293	\$ 12,219

  

Number of Division I Units of Pupils in the School District		
200	200-399	400 Plus
0.30	0.40	0.50

During fiscal year 2006, the District calculated the superintendent's annual amount for administrative responsibility based on an incorrect index value of 0.40. In the September 30, 2005 unit count the District earned over 400 Division I units making the superintendent eligible for an index value of 0.50 during fiscal year 2006. Due to human error the superintendent's index value was not revised and as a result the superintendent was underpaid \$5,565.

***Recommendation:*** The District should compensate the superintendent for the entitled amount of \$5,565 and ensure the correct index value for fiscal year 2007 is being used.

***District Response:*** The District concurred with the above finding and stated they would contact the DOE to discuss if the District could still disburse the \$5,565 through state funding. In addition, the District stated that the correct index value was being used for fiscal year 2007.

**OCCUPATIONAL-VOCATIONAL UNIT DIVISION II FUNDS**

***Agreed-Upon Procedure Number 1:*** Obtain confirmation from the DOE if the District was granted a waiver of the 90% requirement to allocate the occupational-vocational unit Division II funding to each school that generated the funding.

***Finding:*** The District chose not to request a waiver from the DOE.

***Agreed-Upon Procedure Number 2:*** Review expenditure documents to determine if FY05 and FY06 occupational-vocational funds expended from July 1, 2005 through June 30, 2006 were (1) expended for State-approved occupational-vocational courses and programs within the District and (2) supported by adequate documentation and (3) properly coded in the Delaware Financial Management System (DFMS).

***Finding:*** All expenditures, relating to FY05 and FY06 occupational-vocational funding, were determined to be (1) expended for State-approved occupational-vocational courses and programs within the District and (2) supported by adequate documentation and (3) properly coded in DFMS.

**Agreed-Upon Procedure Number 3:** Review financial records to determine if FY05 and FY06 occupational-vocational funds were properly allocated to and spent by the schools within the District that generated the funding.

**Finding:** Chapter 14 of DE Code Subsection 1706 entitled "Determination of Amount of Division II Appropriation" states that Division II funds (occupational-vocational funds) with the exception of Division II – energy funds, shall be allocated to each school that generates these funds and expended to support State-approved occupational-vocational courses and programs at that school.

It is our determination that FY05 occupational-vocational funds were properly allocated but due to miscommunications and coding errors Fred Fifer Middle School spent more than their allocation. As a result, other schools within the District were forced to spend less than their entitlement.

The following is a summary of FY05 occupational-vocational funds by school:

<u>School</u>	<u>Amount of Funding Allocated</u>	<u>Amount Expended</u>	<u>Outstanding Encumbrances</u>	<u>Over/ (Under)</u>
Fred Fifer Middle	\$ 20,746	\$ 32,048	\$ 1,135	\$ 12,437
F. Neil Postlewait Middle	21,687	20,250	-	(1,437)
Caesar Rodney High	107,572	95,489	-	(12,083)
Other	-	1,083	-	1,083
	<u>\$ 150,005</u>	<u>\$ 148,870</u>	<u>\$ 1,135</u>	<u>\$ -</u>

FY06 occupational-vocational funds were properly allocated by school.

**Recommendation:** It is our recommendation that the District begin tracking, monitoring and reconciling occupational-vocational funds by school on a regular basis in order to comply with Chapter 14 of DE Code Subsection 1706.

It is further our recommendation that in order to comply with Chapter 14 of DE Code Subsection 1706 the District repay from local funds, \$13,520 to appropriation 0265-05 and make those funds available to the schools that generated the Fiscal Year 2005 occupational-vocational Division II funding.

**District Response:** For FY06 occupational-vocational funds the District will use Quicken to track, monitor and reconcile the funding by school. As another preventive measure the District has also begun utilizing the Data Service Center which easily monitors, tracks and provides user-friendly reports regarding occupational-vocational funding by school.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on compliance with specified laws. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the DOE and the District and should not be used by those who have not agreed to the procedures and have not taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited. This report, as required by statute, was provided to the Office of Auditor of Accounts, Office of the Governor, Office of Controller General, Office of Attorney General, Office of Management and Budget, and Secretary of Finance.

*Ballint, Lyons & Shuman, P.A.*

December 22, 2006  
Wilmington, Delaware